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SUBJECT: MEDIA REACTION; G20, MILITARY POWER REPORT

Editorial Quotes

1. G20

a. "China shouldn't sing too loudly at the G20"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(03/30): "China should become the strength supporting the reform and reconstruction of the international financial system. But this can only happen if China has handled its own domestic issues well. It is too idealistic to think about replacing the U.S. dollar. This suggestion ignores the political powers behind the international financial system. Even if China successfully climbed to the top and claimed leadership, China still wouldn't change the limitations of the current system and won't perform better than the U.S. Additionally, there is too much effort and too little gain when one is the leader. As one of the most powerful emerging economic entities, it seems only China has the capacity to save the global economy. But at this early phase, China won't benefit from being the leader. The reason why China wasn't seriously affected by the global crisis is that China's financial system hasn't completely opened, not because China's financial system is perfect. The developments in China's social and political systems are still insufficient for a world leader. Therefore, China shouldn't sing too loudly at the Summit as China is in a precarious situation. China should play an active role in supporting the reform and reconstruction of the international financial system. But it needs to first handle its own business. China will be capable of playing the lead after it has successfully reformed its social and political systems. China is in an awkward position now. On the one hand, China buys USD in order to help maintain the U.S. hegemony. However on the other hand China has suggested replacing the USD. This shows that China is not happy with the current system, but at this time, cannot do anything to change it. One realistic option for China is to reduce its international responsibilities in IMF and spread its powers to other regional financial and economic organizations."

b. "China claims that it is the "right of the world" to hear everyone's voice"

The Beijing based News Agency economic news publication Economic Observer (Jingji GuanCha)(03/30): "Certain high-level Chinese financial official's voices, a warm-up for the G20, have aroused the attention and responses of the leaders of the G20 countries. For the first time, China doesn't want to be just a listener. China is willing to take action on its responsibilities. However, responsibilities and the right to relevant discourse are equal. This is what China wants to tell the world at the G20. China has done a lot and will do more. China needs to combine both its long-term objective and short term interests in order to push the establishment of a new, more impartial, international financial order. Of course, Zhou Xiaochuan, the leader of People's Bank of China, understands that his suggestion of a "super-sovereign reserve currency" won't produce results within a short time. But his call clearly reflects that China can't bear any unilateral obligations without first being guaranteed its benefits. We estimate that China's concerns will be put forward formally at the meeting between China and the U.S. Many observers believe that

the possible results of the G20 meetings will depend on the dialogues between China and the U.S. The rebalance of the global economy needs both the U.S. and China to make some adjustments. The U.S. won't gain full understanding +or support if it ignores its stake holder's interests and is always in a position to criticize. This won't contribute to the macro-political cooperation among the major economic entities.

For their attempts in the fields of currency and financial regulation, the international society should give more respect to Asian economies, the world's emerging economies, including China. The Submit itself is a process of listening, which serves as the basis to put aside disagreements and seek resolutions."

c. "Chinese people shouldn't indulge themselves in the illusion of saving the world"

The official Xinhua News Agency news publication Beijing Youth Daily(Beijing Qingnianbao) (03/30): "Since the credits crisis became a global financial crisis, the U.S. and major western countries have constantly sent signals to China, and other new emerging economic entities, calling for help. President Obama quickly responded to Premier Wen's worry about China's holding a huge amount of U.S. assets. This shows that China's U.S. assets have already been counted into America's stimulus package budget. any action by China concerning its U.S. debts may impact the USD's status and Obama's stimulus package.

Chinese media have celebrated China's becoming the "only highlight" in the crisis. It is true that, during this financial crisis, China has not been through and fatal up and downturns and that China might play an important role in the global economy recovery process. However, China's internal social and economic problems, such as the drop exports, the bankruptcy of its small and medium enterprises, educational issues, etc, won't disappear because of the worsening external crisis. Instead, these problems may become more serious.

BEIJING 00000843 002 OF 002

In this situation, as Premier Wen said, China's handling of its own domestic issues is the biggest contribution to the world. China should be warned about Japan's experiences during the 1980s when Japan tried to "buy America" by purchasing American debts. Even with great expectations and encouragements, China shouldn't fall into the illusion that it can save the world."

12. Military power report

a. "What is behind the U.S. military report?"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(03/30): "This report is the voice of the Pentagon and the Congress to Obama: Don't get too close to Beijing. Professor Meng Xiang, from National Defense University, tells the International Herald Leader that publishing the military report in the current situation is inappropriate and inconsistent with the declaration and tendency of the Obama administration. He also points out that the purpose of this report is to put pressure on the new government, asking for more military budget moneys.

Yuan Peng, from China Institute of Contemporary International Relations, says that the U.S. Defense Department is trying to influence Obama's China strategy. Professor Meng says that the U.S. won't change its defensive mentality towards China. America's China strategy will remain both restrained and cooperative.

China's military is also keeping a sober awareness of this. Qian Lihua, director of the Ministry's Foreign Affairs Office, has already expressed that Sino-U.S. military relations are having a difficult time and that the obstacles to developing the military relationship have not been eliminated. Experts also believe that military relations between China and the U.S. failed to fully recover from the former administration's military communications.

"(Therefore) America's publishing of the military report at such a sensitive and important period creates more difficulties for the U.S.-China military relationship" says Professor Meng.

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